GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:675
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DELAY IN SANCTIONING LOAN UNPER WELFARE SCHEMES
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Will the Minister of FINANCE be pleased to state:

(a) whether the rejection irate of loan applications: pending with nationalized banks under various welfare schemes is very high and there is inordinate delay in loan disbursements;

(b) if so, the details in this regard during 2005-06, bank-wise;

(c) the reasons for such rejection; and

(d) the steps taken to simplify and avoid inordinate delay in loan sanctioning process?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b) : As per information provided by Reserve Bank of India(RBI), bank-vase rate of rejection of loan applications in respect of Swamajayanti Gram Swarozgai Yojana(SGSY) and Swam Jayanti Shahari Rozgar Yojana(SJSRY) during the year 2005-06 (upto December, 2005) is at Annexure.

(c): The reasons for rejection of loan applications under various Government Sponsored Schemes are commonly stated as saturation of viable activities, non-fiilfillment of terms of sanction and non-viability of projects etc.

(d) : The following steps have been taken to simplify and avoid delay in sanctioning the loan applications under Government Sponsored Schemes :-

(i) Banks have been instructed to dispose applications for loan upto Rs.25,000/- within two weeks and upto Rs.2 lakh within four weeks (8 to 9 weeks in case of SJSRY).

(ii) Banks have been advised to issue `No Dues Certificate` v/henever required within 15 days, other-wise it is deemed to have been issued.

(iii) RBI monitors performance of domestic scheduled commercial banks under SGSY, SJSRY through the receipt of monthly/quarterly progress report.

(iv) Progress under these schemes form part of the agenda for discussion at various fora from grass root level to high level monitoring committee formed under the scheme.

(v) RBI has advised all scheduled commercial hanks that; loans sanctioned under SGSY, SJSRY should be treated as advances under priority sector.

(vi) Banks have been advised, by RBI that Branch Managers should be vested with adequate discretionary powers to sanction loan proposals under the SGSY and SJSRY.

(vii) Loan applications under SGSY should be disposed of within the prescribed time limit of 5 days and at einy rate not later than one month.